



## Discounted/Sliding Fee Schedule Information Package

*Revised August 2010*



### Introduction: Developing and Implementing a Discount Fee Schedule

This summary is designed to give you basic information about developing and implementing a discount fee schedule for low-income populations.

**1** Practices employing NHSC clinicians have some flexibility in designing a schedule of discounts; however NHSC sites need to assure that patients below 100% of the Federal Poverty Level (FPL) pay a very nominal fee (or no fee) and that patients with family incomes between 100-200% of the FPL are discounted. Many NHSC sites discount fees for patients with family incomes above 200% of the FPL.

**2** NHSC sites should use the HHS federal poverty guidelines that are issued each spring when designing their discounts. The HHS guidelines are based upon family/household size and income. Please note that the HHS guidelines only determine 100% of the FPL. Income needs to be doubled when determining 200% of FPL. These guidelines can be accessed through the web at <http://aspe.hhs.gov/poverty/11poverty.shtml>

**3** The policy should include the procedure for qualifying for discounted fees, how the discounts will be determined, and what documentation is required for determining the discount percentage. Practices should also include in its policies and procedures a process for re-certifying clients for the discounted fee schedule. Most practices re-certify patients at least once annually.

When verifying income, the simplest approach is to accept the patient's word at the time the request is made. On future visits, it may be appropriate to require some form of verification. Verification will typically include tax returns and current pay stubs. In addition to annualized income verification, eligibility may be based on current participation in certain federal/state public assistance programs, examples of which include the following:

- Social Security Income (Disability);
- Free or Reduced School Lunch Program;
- Temporary Assistance for Needy Families;
- Other public assistance programs.



- 4 Although the NHSC doesn't require extending the discount policy to Medicare beneficiaries or those participating in Medicaid and SCHIP, many clinics have indicated an interest in doing so. The Medicare law requires clinicians to charge Medicare beneficiaries the same as they charge other patients. Waiving or discounting the Medicare co-pay on an ad-hoc or case-by-case basis is not allowed. Medicare will, however, accept a discounted fee schedule if appropriately designed and implemented. The key is to establish a discount policy that is uniformly applied to all patients based upon ability to pay. So long as the discount policy is uniformly applied to all patients, all the time, it is acceptable to discount deductibles and co-payments for Medicare beneficiaries if they qualify under the discount policy established by the clinic.
- 5 NHSC requires that its sites have a notice posted in a clearly visible location, such as the front office or waiting room. Sites do not have to post details of the policy or the actual fee schedule. An example of a notice is attached.
- 6 Office staff must be trained on the availability of the program and the policy and procedures for implementation. At least one staff member should know how to collect the necessary documentation and determine the discount percentage. Many sites enter the discount percentage into the practice's billing system.

**This package contains:**

Frequently Asked Questions about Discounted/Sliding Fee Schedules and the 2008 Department of Health and Human Services (HHS) Poverty Guidelines;

Examples of Discounted/Sliding Fee Schedules for the lower 48 contiguous states, Alaska and Hawaii;

Examples of Discounted/Sliding Fee Schedule Policies, Applications, and Signage notifying patients about them.



## Frequently Asked Questions About Discounted/Sliding Fee Schedules

### **What is a discounted/sliding fee schedule?**

Discounted/sliding fee schedules are a means of addressing the need for equitable charges for services rendered to patients. A discounted/sliding fee schedule is developed according to local fee standards and must be in writing. Discounted/sliding fees are based upon federal poverty guidelines, and patient eligibility is determined by annual income and family size. Schedules are established and implemented to ensure that a non-discriminatory, uniform, and reasonable charge is consistently and evenly applied. For patients whose household income and family size place them below poverty, a typical, nominal fee is often between \$7 and \$15. Patients between 101-200% of poverty are expected to pay some percentage of the full fee. A discounted/sliding fee schedule applies only to direct patient charges. Billing for third party coverage (Medicare, Medicaid, SCHIP or private insurance carriers) is set at the usual and customary full charge.

### **Why have a discounted/sliding fee schedule?**

Federal requirements prescribe that a locally determined discounted/sliding fee schedule be used, and that services be provided either at no fee or a nominal fee, as determined by the provider. The reasonableness of fees, and the percent of a full fee that is assessed, may be subject to review or challenge by federal reviewers during routine reviews by duly authorized federal staff or their state counterparts.

### **Which patients are covered by a discounted/sliding fee schedule?**

By joining the NHSC and accepting NHSC clinicians into your practice, you are agreeing to apply the discounted/sliding fee schedule equally, consistently, and on a continuous basis to all recipients of services in your site and/or location, without regard to the particular clinician that treats them.

### **How do we develop a discounted/sliding fee schedule?**

When developing a discounted/sliding fee schedule, each safety-net provider should take the following into consideration:

- The discounted/sliding scale fee schedule must be in writing and non-discriminatory;
- No patient should be denied services due to an inability to pay;
- Signage is posted to ensure that patients are aware that a discounted/sliding scale fee schedule is available to them;
- Patients must complete a written application to determine financial eligibility for the discounted/sliding scale fees;
- Every patient's privacy is protected;
- Records are kept to account for each visit and the charges incurred (if any);
- Patients below poverty are charged a nominal fee or not charged at all;
- Clinical practice sites may establish any number of incremental percentages (discount pay classes) as they find appropriate between 100-200% of poverty;
- Patients above 200% of poverty may be charged full fees for services, OR clinical practice sites may continue to charge incremental percentages for services until 100% of the full fee is reached.

### **How and when is patient eligibility determined?**

The simplest approach is to accept the patient's word at the time the request is made. On future visits, it may be appropriate to require some form of verification. Verification will typically include tax returns and current pay stubs. Eligibility also may be based on current participation in certain federal/state public assistance programs, including:

- Social Security Disability Income (SSDI);
- Temporary Assistance for Needy Families (TANF);
- Free or Reduced School Lunch Program;
- Other public assistance programs.

### **Whose income should be counted?**

Many safety-net providers count only the mother, father, and dependent children under 18 as the family. Other adults in the household, even though related, are considered separately.

### **Is every patient's income reviewed?**

This is up to the individual practice. Whatever methodology is used, it must be uniformly and evenly applied, without discrimination of any kind.

### **How long should discount status be extended?**

This is up to the practice. Many safety-net providers re-evaluate eligibility on an annual or semi-annual basis. As with any registration data, staff should ask at each visit whether anything has changed since the last visit. If income has changed, this should trigger a re-evaluation.

### **What are the federal poverty guidelines?**

The poverty guidelines are a version of the income thresholds used by the Census Bureau to estimate the number of people living in poverty. The thresholds are annual income levels below which a person or family members are considered to be living in poverty. The income threshold increases by a constant amount for each additional family member. The guidelines are updated annually to account for increases in the Consumer Price Index.

### **Who issues the poverty guidelines?**

HHS is required by law to issue the guidelines, which determine 100% of the Federal Poverty Level (FPL).

### **Where can you get the current poverty guidelines?**

The guidelines are published annually in the Federal Register and usually appear by early February. Updates may be found at <http://aspe.hhs.gov/poverty/>.

### **Why are the poverty guidelines (and fee schedules) different for Alaska and Hawaii?**

The differences are due to the administrative practices of the Office of Economic Opportunity beginning in the 1966-1970 periods. See Frequently Asked Questions Related to the Poverty Guidelines and Poverty: <http://aspe.hhs.gov/poverty/faq.shtml#differences>.

# SAMPLE POLICY



## ABC Healthcare Discount Fee Policy

### Policy

It is the policy of ABC Healthcare to provide essential medical services regardless of the patient’s ability to pay. Discounts are offered based upon household income and size. A sliding fee schedule is used to calculate the basic discount and is updated each year using the federal poverty guidelines. Once approved, the discount will be honored for six months, after which the patient must reapply.

### Discount Application Process

A completed application including required documentation of the home address, household income, and insurance coverage must be on file and approved by the business office before a discount will be granted. If the applicant appears to be eligible for Medicaid, a written denial of coverage by Medicaid may also be required.

Adolescent patients seeking confidential care are exempt from the application process, and services are provided at the nominal rate.

Medical	The discount is applied to all in-office services and Off-site services supplied by ABC Clinic healthcare providers.
Pharmacy	Samples are provided, when available, without charge.
Lab & X-ray	The discount is applied to in-office laboratory and x-ray services. Reference laboratory tests and consulting radiology interpretations are excluded.



## Services Covered and Excluded

### ABC HEALTHCARE CLINIC

#### Discounted/Sliding Fee Application

It is the policy of ABC Healthcare, Inc., to provide essential services regardless of the patient's ability to pay. Discounts are offered based upon family income and size. Please complete the following information and return to the front desk to determine if you or members of your family are eligible for a discount.

The discount will apply to all services received at this clinic, but not those services which are purchased from outside, including reference laboratory testing, drugs, and x-ray interpretation by a consulting radiologist, and other such services. In the hope that your financial situation improves, discounts apply only to current, not future services. This form must be completed for each visit. Please inquire at the front desk if you have questions.

Number of related persons living in your household:

Household Member	Household Income (complete one column)		
	Annual	Monthly	Bi-Weekly
Self			
Spouse			
Dependent Children under age 18			
Total			

Note: Include income from all sources including gross wages, tips, social security, disability, pensions, annuities, veteran's payments, net business or self employment, alimony, child support, military, unemployment, and public aid.

I certify that the family size and income information shown above is correct. Copies of tax returns, pay stubs, and other information verifying income may be required before a discount is approved.

Name (Print)

Date

Signature

#### Office Use Only

Patient Name

Discount

Date of Service

Approved by



## Services Covered and Excluded

# ABC HEALTHCARE CLINIC

## Family Assistance Plan Application

NAME OF HEAD OF HOUSEHOLD		PLACE OF EMPLOYMENT		
STREET	CITY	STATE	ZIP	PHONE
HEALTH INSURANCE PLAN		SOCIAL SECURITY NUMBER		

**Please list spouse and dependents under age 18**

Name	Date of Birth	Name	Date of Birth
SELF		DEPENDENT	
SPOUSE		DEPENDENT	
DEPENDENT		DEPENDENT	
DEPENDENT		DEPENDENT	

### Annual Household Income

Source	Self	Spouse	Other	Total
Gross wages, salaries, tips, etc.				
Social security, pension, annuity, and veteran's benefits				

Source	Self	Spouse	Other	Total
Alimony, child support, military family allotments				
Income from business self employment, and dependents				
Rent, interest, dividend, and other income				
<b>Total Income</b>				

I certify that the family size and income information shown above is correct. Copies of tax returns, pay stubs, and other information verifying income may be required before a discount is approved.

Name (Print)

Date

Signature

#### Office Use Only

Patient Name

Discount

Date of Service

Approved by

Verification Checklist (attach copies)	YES	NO
Identification/Address: Driver's license, birth certificate, employment ID, social security card or other		
Income: Prior year tax return, three most recent pay stubs, or other		
Insurance: Insurance card(s)		
Medicaid: Application made or evidence of rejection		





## Public Notice Signage

The following examples demonstrate that it is not required to post all details about the discount/sliding scale fee policy, nor is it required to post the actual discounted/sliding fee schedule itself. It is recommended that the sign be posted in a conspicuous location, such as beside the front desk. It is often helpful to have the sign in several languages.

### Sample Discount Fee Policy Signs:

## NOTICE TO PATIENTS

This practice serves all patients regardless of ability to pay  
Discounts for essential services are offered depending upon family size and income  
You may apply for a discount at the front desk.  
Thank you.

\* \* \*

## AVISO PARA PACIENTES

Los centros de salud ofrecen servicios de atención médica primaria y preventiva, sin considerar la capacidad de los pacientes para pagar.  
Los cargos generados por servicios de salud son calculados de acuerdo al nivel de ingreso del paciente.  
Pacientes pueden aplicar para servicios médicos con la recepcionista en la clínica.  
Gracias

## NOTICE

### **THIS PRACTICE HAS ADOPTED THE FOLLOWING POLICIES FOR CHARGES FOR HEALTH CARE SERVICES**

We will charge persons receiving health services at the usual and customary rate prevailing in this area. Health services will be provided at no charge, or at a reduced charge, to persons unable to pay for services. In addition, persons will be charged for services to the extent that payment will be made by a third party authorized or under legal obligation to pay the charges.

We will not discriminate against any person receiving health services because of their inability to pay for services, or because payment for the health services will be made under Part A or B of Title XVIII ("Medicare") or Title XIX ("Medicaid") of the Social Security Act.

We will accept assignment under the Social Security Act for all services for which payment may be made under Part B of Title XVIII ("Medicare") of the Act.

We have an agreement with the State agency which administers the State plan for medical assistance under Title XIX ("Medicaid") of the Social Security Act to provide services to persons entitled to medical assistance under the plan.